

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 247816

42

ORIGIN EB-11

INFO OCT-01 ARA-16 ISO-00 COME-00 CIAE-00 INR-10 NSAE-00

RSC-01 DODE-00 FMC-04 CG-00 COA-02 DLOS-06 PM-07

NSC-10 SS-20 SPC-03 L-03 OMB-01 SCI-06 CEQ-02 SCEM-02

TRSE-00 INT-08 FPC-01 AGR-20 LAB-06 SIL-01 AF-10

EA-11 EUR-25 NEA-10 /197 R

DRAFTED BY EB/TT/MA:RKBANK:EC

APPROVED BY EB/TT/MA:RWEBB

MARAD:WSANSONE

ARA/BR:WATSON

ARA/EP:PRINGLE

----- 058648

P 701614Z DEC 73

FM SECSTATE WASHDC

TO AMEMBASSY LIMA PRIORITY

AMCONSUL RIO DE JANEIRO

INFO AMEMBASSY BRASILIA PRIORITY

LIMITED OFFICIAL USE STATE 247816

E.O. 11652: N

TAGS: ETRN, ENRG, BR, PE

SUBJECT: INCREASED PRICES FOR BUNKER FUELS

REF: STATE 244003

1. PRUDENTIAL-GRACE LINES SAN FRANCISCO REPORTS THAT MAJOR PRICE DIFFERENCES EXIST IN BRAZIL AND PERU FOR BUNKERS DELIVERED TO US AND OTHER FOREIGN-FLAG VESSELS WHEN COMPARED WITH THE PRICES CHARGED TO THE NATIONAL-FLAG CARRIERS. THE FIGURES QUOTED ARE AS FOLLOWS:

I. PETROBRAS: (AS OF DEC 13)

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 247816

- (A) BRAZILIAN-FLAG - 9.07 DOLLARS
- (B) FOREIGN-FLAG (US) - 15.14 DOLLARS

DIFFERENCE IS 6.07 DOLLARS - 66.92 PERCENT

II. PETRO-PERU (AS OF DEC 17)

- (A) PERUVIAN-FLAG - 2.59 DOLLARS
- (B) FOREIGN-FLAG (US) - 12.50 DOLLARS

DIFFERENCE IS 9.91 DOLLARS - 382.63 PERCENT

III. PETRO-PERU (AS OF DEC 18)

- (A) PERUVIAN-FLAG - 2.59 DOLLARS
- (B) FOREIGN-FLAG (US) - 17.50 DOLLARS PLUS .50
BARGING

DIFFERENCE IS 14.91 DOLLARS - 575.67 PERCENT

2. PRUGRACE INDICATES THAT THESE PRICES WILL MAKE RATES UNDER WHICH US VESSELS CURRENTLY OPERATING NON-COMPENSATORY. PRICE DIFFERENTIAL OBVIOUSLY PRODUCES COMPETITIVE COST ADVANTAGE FOR BRAZILIAN AND PERUVIAN-FLAG SHIPS. PERUVIAN AND BRAZILIAN VESSELS RECEIVE BUNKERS AT US WEST COAST AT SAME REPEAT SAME PRICE AS US-FLAG VESSELS.

3. AS NOTED REFTTEL A, US BUNKER ALLOCATION POLICY NON-DISCRIMINATORY VIS A VIS FLAG OF REGISTRY. THE FEO (FEDERAL ENERGY OFFICE) WILL HAVE THE POWER TO RE NEW THIS NON-DISCRIMINATORY POLICY ON A CASE BY CASE BASIS SO AS TO RETALIATE AGAINST THOSE NATIONS WHICH DISCRIMINATE AGAINST VESSELS PRIMARILY ENGAGED IN THE FOREIGN TRADE OF THE US. ADDITIONALLY, ALREADY EXISTING POWER VESTED IN THE FEDERAL MARITIME COMMISSION (FMC) UNDER SECTION 19 OF THE MERCHANT MARINE ACT OF 1920 PERMITS THAT AGENCY TO TAKE RETALIATORY ACTION AGAINST THE VESSELS OR TRDE OF THAT NATION WHICH DISCRIMINATES AGAINST VESSELS ENGAGED IN THE FOREIGN TRADE OF THE US.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 247816

4. AS NOTED IN PREVIOUS TELS, DISCRIMINATION ABROAD, IF UNCHECKED CAN LEAD TO POSSIBLE RETALIATION ALSO BY LABOR UNIONS AND OIL COMPANIES.

5. ADDRESSEES ARE THEREFORE REQUESTED TO IMMEDIATELY VERIFY THE CLAIMS MADE IN PARA 1 BY PRUGRACE AND IF TRUE,

OBTAIN FROM APPROPRIATE GOVERNMENT AND/OR OIL COMPANY
OFFICIALS THE RATIONALE BEHIND SUCH A PRICE STRUCTURE.
REFERENCE TO EXISTING AND PLANNED RETALIATORY REGULATIONS
NOTED ABOVE MAY BE MADE. IT MAY ALSO BE POINTED OUT THAT
THE MAJOR MARITIME NATIONS, SUCH AS UK, NORDICS, JAPAN,
USSR AND OTHERS (INCLUDING INDIA) HAVE INDICATED THAT
THEY WILL FOLLOW NON-DISCRIMINATORY BUNKER ALLOCATION
POLICY. RUSH

LIMITED OFFICIAL USE

NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRICES, REFUELING, REPRISALS, STEAMSHIP LINES, TRADE DISCRIMINATION
Control Number: n/a
Copy: SINGLE
Draft Date: 01 DEC 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE247816
Document Source: CORE
Document Unique ID: 00
Drafter: RKBANK:EC
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731254/aaaakasw.tel
Line Count: 127
Locator: TEXT ON-LINE
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE 244003
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 16 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16-Jan-2002 by thigpegh>; APPROVED <07 MAR 2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> srp 980317
Subject: INCREASED PRICES FOR BUNKER FUELS
TAGS: ENRG, ETRN, BR, PE, US, PRUDENTIAL-GRACE LINES
To: LIMA
RIO DE JANEIRO INFO BRASILIA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005